

**RESOLUTION OF THE PUBLIC WORKS COMMISSION OF
THE CITY OF FAYETTEVILLE, NORTH CAROLINA
ESTABLISHING AN ELECTRIC SERIES 2003A REVENUE
BOND CAPITAL PROJECT FUND AND A
WATER/WASTEWATER 2003A REVENUE BOND CAPITAL
PROJECT FUND**

WHEREAS, the Public Works Commission of the City of Fayetteville (the "Commission") has identified certain electric, water and wastewater projects to be financed with the Series 2003A Revenue Bonds proceeds and third party participation; and

WHEREAS, the Commission determined the need to debt finance such projects based on additional funding needs for the Annexation Phase IV-B area and an opportunity to cash defease higher interest debt; and

WHEREAS, the Commission desires to establish capital project funds to account for the construction activity associated with the projects; and

WHEREAS, the par amount of the Series 2003A proceeds allocated to finance the projects is \$22,520,000; and

WHEREAS, the capital project funds will be funded from proceeds of the Series 2003A Revenue Bonds, participation by third parties where appropriate, and any other sources deemed necessary through the budgeting process; and

NOW, THEREFORE, be it resolved by the Commission that:

Section 1. The Commission hereby creates an Electric Series 2003A Revenue Bond Capital Project Fund and a Water/Wastewater Series 2003A Revenue Bond Capital Project Fund for the purpose of constructing electric, water and wastewater utilities infrastructure as allowed in the Series 2003A Bond Order.

Section 2. These funds will remain operational until the Commission approved project areas are complete. Any remaining funds may be used to finance additional electric, water and/or wastewater capital projects as allowed in the Series 2003A Bond Order.

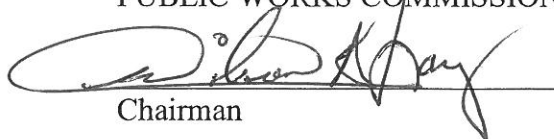
Section 3. The Commission will establish and maintain a budget for each of the capital project funds of the estimated construction costs and revenues that are anticipated to be available to complete the projects (Exhibits A & B). The budgets will be amended as necessary to reflect the Commission's financing directives.

Section 4. The City Council of the City is hereby requested to adopt this resolution in the form presented above.

Section 5. This Resolution shall become effective upon its adoption.

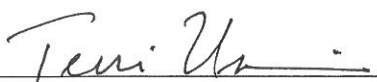
ADOPTED, this the 8th day of October, 2003.

PUBLIC WORKS COMMISSION,



Chairman

Attest:



Secretary